

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Village of Maple Rapids	County Clinton
Fiscal Year End 12/31/2006	Opinion Date June 4, 2007	Date Audit Report Submitted to State June 8, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).



Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	N/A	
Other (Describe)	<input checked="" type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.		Telephone Number (517) 351-6836	
Street Address 3511 Coolidge Road, Suite 100		City East Lansing	State MI
Zip 48823			
Authorizing CPA Signature 	Printed Name Aaron M. Stevens, CPA		License Number 1101024055

**Village of Maple Rapids
Clinton County, Michigan**

FINANCIAL STATEMENTS

December 31, 2006

Village of Maple Rapids
Clinton County, Michigan

December 31, 2006

VILLAGE OFFICERS AND TRUSTEES

George Abbott, Jr.	President
Jeffrey Stephens	Trustee
Jim Gavenda	Trustee
William Schmidt	Trustee
Kim Kidder	Trustee
Tim Maier	Trustee
Daryl Trefil	Trustee
Linda Gavenda	Clerk
Melinda Thomas	Treasurer

Village of Maple Rapids

TABLE OF CONTENTS

December 31, 2006

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	i
MANAGEMENT'S DISCUSSION AND ANALYSIS	ii-viii
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds Balance Sheet	3-4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	6-7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Net Assets - Proprietary Funds	9
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	10
Statement of Cash Flows - Proprietary Funds	11
Notes to Financial Statements	12-21
REQUIRED SUPPLEMENTARY INFORMATION	
GENERAL FUND	
Budgetary Comparison Schedule	22-23
FIRE FUND	
Budgetary Comparison Schedule	24
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	25-26
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	27-28
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS	29-30

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

INDEPENDENT AUDITOR'S REPORT

To the Honorable President and
Members of the Village Council
Village of Maple Rapids
Maple Rapids, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Maple Rapids, Michigan as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Maple Rapids' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Maple Rapids, Michigan as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Village of Maple Rapids' basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 4, 2007

Village of Maple Rapids

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

The following is a discussion and analysis of Village of Maple Rapids' (the Village's) financial performance and position, providing an overview of the activities for the year ended December 31, 2006. This analysis should be read in conjunction with the *Independent Auditors Report* and with the Village's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:

- Total net assets were \$1,697,403.
- Governmental activities net assets were \$904,930.
- Business-type activity net assets were \$792,473.

Fund Level:

- At the close of the fiscal year, the Village's governmental funds reported a combined ending fund balance of \$338,191 with \$16,397 being reserved for specific purposes.
- The General Fund realized \$30,188 more in revenues than anticipated for the fiscal year. The General Fund operations also expended \$80,054 less than appropriated.
- Overall, the General Fund balance increased by \$21,238 to \$180,417 with \$164,020 being undesignated and available for general purposes.

Capital and Long-term Debt Activities:

- The primary government issued revenue bonds in 2006 for the purpose of financing sewer upgrades.
- The total long-term debt for the primary government was \$385,000.
- The Village remains well below its authorized legal debt limit.
- The total addition to the capital asset schedule for the primary government was \$62,380.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's annual financial report. The annual financial report of the Village consists of the following components: 1) *Independent Auditors Report*; 2) *Management's Discussion and Analysis* and 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), *Required Supplementary Information* such as budget to actual comparisons for the General Fund and major Special Revenue Funds, and *Other Supplementary Information* including combining financial statements for all nonmajor governmental funds and other funds.

Government-wide Financial Statements (Reporting the Village as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Assets and the Statement of Activities, which report information about the Village as a whole, and about its activities. Their purpose is to assist in answering the question, is the Village, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

The Statement of Net Assets (page 1) presents all of the Village's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the Village's financial position is improving or deteriorating.

The Statement of Activities (page 2) presents information showing how the Village's net assets changed during 2006. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

- **Governmental Activities** - Most of the Village's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the Village's general government departments, law enforcement, economic development, Village improvements, street improvements, recreation activities, and other Village wide elected official operations are reported under these activities.
- **Business-type Activities** - These activities operate like private businesses. The Village charges fees to recover the cost of the services provided. The Water System Fund and the Sewer System Fund make up the business-type activities.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 5 and 8 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental fund. Capital assets and depreciation expense are reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the fund financial statements of the governmental funds.
- Long-term liabilities appear as liabilities on the government-wide statements; however they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Long-term debt proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the Village's general capital assets such as buildings, land, vehicles, computer equipment, etc. These values are not included in the fund financial statements.

Fund Financial Statements (Reporting the Village's Major Funds)

The fund financial statements, which begin on page 3, provide information on the Village's significant (major) funds, and aggregated nonmajor funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Village uses to keep track of specific sources of funding and spending for a particular purpose. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

Village of Maple Rapids

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds five (5) percent of those categories for governmental and enterprise funds combined. The major funds for the Village of Maple Rapids include the General Fund, the Fire Fund, the Sewer System Fund, and the Water System Fund. All other funds are classified as nonmajor funds and are reported in aggregate by the applicable fund type. The Village includes detailed information on its nonmajor funds in the other supplementary information section of this report.

The Village's funds are divided into two categories - governmental and proprietary - and use different accounting approaches:

- **Governmental Funds** - Most of the Village's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the Village's programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (use of fund balance is restricted).
- **Proprietary Funds** - Services for which the Village charges customers (whether outside the Village structure or a Village department) a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. The Village has one type of proprietary fund. *Enterprise funds* report activities that provide supplies and/or services to the general public. An example is the Sewer System Fund.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 12 of this report.

Required Supplementary Information

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes a budgetary comparison schedules for the General Fund and the major special revenue funds.

Other Supplementary Information

Other Supplementary Information includes combining financial statements for nonmajor governmental funds. These funds are added together, by fund type, and are presented in aggregate single columns in the appropriate basic financial statements.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

As previously stated, the Village of Maple Rapids' combined net assets were \$1,697,403 at the end of this year's operations. The net assets of the governmental activities were \$904,930; the business-type activities were \$792,473.

Village of Maple Rapids

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

Net Assets as of December 31, 2006 and December 31, 2005

	2006			2005		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
Current Assets	\$ 351,736	\$ 532,843	\$ 884,579	\$ 308,164	\$ 176,150	\$ 484,314
Capital Assets	566,739	646,362	1,213,101	613,388	629,103	1,242,491
Total Assets	\$ 918,475	\$ 1,179,205	\$ 2,097,680	\$ 921,552	\$ 805,253	\$ 1,726,805
Current Liabilities	\$ 13,545	\$ 11,732	\$ 25,277	\$ 17,280	\$ 2,272	\$ 19,552
Noncurrent Liabilities	-	375,000	375,000	-	-	-
Total Liabilities	\$ 13,545	\$ 386,732	\$ 400,277	\$ 17,280	\$ 2,272	\$ 19,552
Net Assets						
Invested in Capital Assets (Net of related debt)	\$ 566,739	\$ 599,222	\$ 1,165,961	\$ 608,153	\$ 629,103	\$ 1,237,256
Restricted	78,554	-	78,554	79,363	-	79,363
Unrestricted	259,637	193,251	452,888	216,756	173,878	390,634
Total Net Assets	\$ 904,930	\$ 792,473	\$ 1,697,403	\$ 904,272	\$ 802,981	\$ 1,707,253

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the Village's primary government net assets changed during the fiscal year:

Changes in Net Assets for the Fiscal Years Ending December 31, 2006 and December 31, 2005

	2006			2005		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
Revenues						
Program Revenues						
Charges for Services	\$ 67,073	\$ 77,963	\$ 145,036	\$ 64,296	\$ 71,686	\$ 135,982
Grants & Contributions	50,532	-	50,532	57,534	-	57,534
General Revenues						
Property Taxes	122,785	-	122,785	113,124	-	113,124
State Shared Revenue	67,156	-	67,156	68,207	-	68,207
Investment Earnings	3,916	5,039	8,955	2,729	2,529	5,258
Miscellaneous	18,486	-	18,486	19,586	-	19,586
Internal Charges	36,176	(36,176)	-0-	26,201	(26,201)	-0-
Total Revenues	366,124	46,826	412,950	351,677	48,014	399,691

Village of Maple Rapids

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

Changes in Net Assets for the Fiscal Years Ending December 31, 2006 and December 31, 2005 - continued

	2006			2005		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
Expenses						
General Government	\$ 43,043	\$ -	\$ 43,043	\$ 34,512	\$ -	\$ 34,512
Public Safety	53,035	-	53,035	79,824	-	79,824
Public Works	234,624	-	234,624	178,344	-	178,344
Health & Welfare	2,211	-	2,211	1,608	-	1,608
Recreation & Cultural	32,403	-	32,403	35,425	-	35,425
Interest on long-term debt	150	-	150	417	-	417
Other	-	57,334	57,334	60,083	64,605	124,688
Total Expenses	365,466	57,334	422,800	390,213	64,605	454,818
Increase (decrease) in net assets	658	(10,508)	(9,850)	(38,536)	(16,591)	(55,127)
Net Assets - Beginning	904,272	802,981	1,707,253	942,808	819,572	1,762,380
Net Assets - Ending	\$ 904,930	\$ 792,473	\$ 1,697,403	\$ 904,272	\$ 802,981	\$ 1,707,253

Governmental Activities:

The result of 2006 governmental activity was an increase of \$658 in net assets to \$904,930. Of the total governmental activities' net assets, \$566,739 is invested in capital assets less related debt, \$78,554 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute, or by another authority outside the Village government. The balance of \$259,637 is listed as unrestricted, having no legal commitment.

Revenues:

The three largest revenue categories were property taxes at 34%, charges for services at 18%, and State shared revenue at 18%. The Village levied one property tax millage for the year ended December 31, 2006, for general government operations at 12.2612 mills, which is not assigned to any particular activity.

Expenses:

Public works is the largest governmental activity, expending approximately 64% of the governmental activities total and includes the Public Works department as well as public street maintenance and improvement activities. Public safety is the second largest area, expending approximately 15% of the governmental activities total.

Business-type Activities:

Net assets of business-type activities decreased by \$10,508 during 2006. Of the business-type activities' net assets, \$599,222 is invested in capital assets less related debt. The balance of \$193,251 is listed as unrestricted, having no legal commitment.

Village of Maple Rapids

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

FINANCIAL ANALYSIS OF THE VILLAGE'S MAJOR AND NONMAJOR FUNDS

As the Village completed 2006, its governmental funds reported *combined* fund balances of \$338,191. This is a net increase of \$42,072. The net changes are summarized in the following chart:

	General Fund	Fire	Nonmajor Governmental Funds
Fund Balance 12/31/06	\$ 180,417	\$ 74,735	\$ 83,039
Fund Balance 12/31/05	\$ 159,179	\$ 51,154	\$ 85,786
Net Change	\$ 21,238	\$ 23,581	\$ (2,747)

General Fund:

The General Fund is the chief operating fund of the Village. Unless otherwise required by statute, contractual agreement or Council policy, all Village revenues and expenditures are recorded in the General Fund. As of December 31, 2006, the General Fund reported a fund balance of \$180,417. This amount is an increase of \$21,238 from the fund balance of \$159,179 reported as of December 31, 2005. The 2006 original budget called for a \$76,879 use of fund balance. \$16,397 of fund balance is reported as reserved.

The General Fund 2006 revenues exceeded 2006 expenditures and other financing uses by \$21,238.

General Fund Budgetary Highlights:

The Village of Maple Rapids' budget is a dynamic document. Although adopted prior to January 1 each year, the budget is routinely amended during the course of the year to reflect changing operational demands.

Actual General Fund revenue and other financing sources totaled \$298,688, \$30,188 above the final amended budget. The original budget was amended downward by \$1,100 during the year.

The Village's expenditure budget was increased by \$11,025 (3% above the original budget) during 2006. The balance of the increase was related to repairs and trash collection as well as an overall rise in personnel costs.

Actual Village expenditures for 2006 were \$80,054 under budget. General Fund actual expenditures came in at \$270,450 and the final budgeted amount was \$350,504, which was a 23% difference.

Fire Fund:

As of December 31, 2006, the Fire Fund reported a fund balance of \$74,735. The total fund balance is undesignated/unreserved. There were no changes to the revenue budget for 2006. Expenditures budget was increased by \$1,900 (1% increase over the original budget) during 2006.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of year 2006, the Village had invested \$1,213,101, net of accumulated depreciation, in a broad range of capital assets (see table below). Accumulated depreciation was \$1,293,761 for the primary government. Depreciation charges for the fiscal year totaled \$91,770 for the primary government. Additional information related to capital assets is detailed in Note F of the Financial Statements. Net book value of capital assets at December 31, 2006 was as follows:

Village of Maple Rapids
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2006

	Governmental Activities	Business- type Activities	Total
Construction in progress	\$ -	\$ 47,140	\$ 47,140
Buildings, net	151,200	-	151,200
Furniture and equipment, net	143,430	5,425	148,855
Vehicles, net	216,263	-	216,263
Sewer system, net	-	255,742	255,742
Utility plant, wells, and mains, net	-	338,055	338,055
Infrastructure, net	55,846	-	55,846
Capital assets, net	<u>\$ 566,739</u>	<u>\$ 646,362</u>	<u>\$ 1,213,101</u>

Long-term Debt - As of December 31, 2006, the Village had \$385,000 in debt outstanding for the primary government. In 2006 the Village was issued a bond for \$385,000 for the Sewage Disposal System.

Outstanding Debt as of December 31, 2006:

	<u>Jan. 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2006</u>
Primary Government				
Governmental Activities				
Capital Lease - Police Car	<u>\$ 5,235</u>	<u>\$ -</u>	<u>\$ 5,235</u>	<u>\$ -0-</u>
Business-type Activities				
2006 Sewage Disposal Bond	<u>\$ -</u>	<u>\$ 385,000</u>	<u>\$ -</u>	<u>\$ 385,000</u>

A more detailed discussion of the Village's long-term debt obligations is presented in Note G to the financial statements.

VILLAGE OF MAPLE RAPIDS GOVERNMENT ECONOMIC OUTLOOK:

The State of Michigan continues to have difficulty in balancing their budget. Any shortfalls in projected revenues could affect our revenue sharing funds that we receive. Our budgets have already been cut more than once and any further cuts would affect the services that we provide to the citizens of the Village of Maple Rapids.

Other factors that the Village is aware of are:

- Property tax revenue does seem to be keeping pace with inflation.
- Investment earnings are improving from historically low levels.
- Health insurance premiums are rising much faster than the rate of inflation.
- Retirement costs are increasing due to poor stock market performance over the last several years.
- Utility costs are rising faster than the rate of inflation.

These and many other factors were considered in adopting the Budget for 2007. The Village continues to look for ways to increase efficiencies and reduce the cost of doing business.

CONTACTING THE VILLAGE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the Village offices at (989) 682-9227.

BASIC FINANCIAL STATEMENTS

Village of Maple Rapids

STATEMENT OF NET ASSETS

December 31, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	\$ 315,907	\$ 135,008	\$ 450,915
Cash - restricted	-	385,405	385,405
Receivables	12,598	16,426	29,024
Due from other governmental units	19,235	-	19,235
Internal balances	3,996	(3,996)	-0-
Total current assets	351,736	532,843	884,579
Noncurrent assets			
Capital assets not being depreciated	-	47,140	47,140
Capital assets being depreciated, net	566,739	599,222	1,165,961
Total noncurrent assets	566,739	646,362	1,213,101
TOTAL ASSETS	918,475	1,179,205	2,097,680
LIABILITIES			
Current liabilities			
Accounts payable	5,947	1,732	7,679
Accrued wages	2,443	-	2,443
Other accrued liabilities	2,155	-	2,155
Deferred revenue	3,000	-	3,000
Current portion of long-term debt	-	10,000	10,000
Total current liabilities	13,545	11,732	25,277
Noncurrent liabilities			
Noncurrent portion of long-term debt	-	375,000	375,000
TOTAL LIABILITIES	13,545	386,732	400,277
NET ASSETS			
Invested in capital assets, net of related debt	566,739	599,222	1,165,961
Restricted for streets and highways	78,554	-	78,554
Unrestricted	259,637	193,251	452,888
TOTAL NET ASSETS	<u>\$ 904,930</u>	<u>\$ 792,473</u>	<u>\$ 1,697,403</u>

See accompanying notes to financial statements.

Village of Maple Rapids

STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Governmental activities						
General government	\$ 43,043	\$ 1,211	\$ -	\$ (41,832)	\$ -0-	\$ (41,832)
Public safety	53,035	32,500	-	(20,535)	-0-	(20,535)
Public works	234,624	27,312	50,532	(156,780)	-0-	(156,780)
Health and welfare	2,211	-	-	(2,211)	-0-	(2,211)
Recreation and cultural	32,403	6,050	-	(26,353)	-0-	(26,353)
Interest on long-term debt	150	-	-	(150)	-0-	(150)
Total governmental activities	365,466	67,073	50,532	(247,861)	-0-	(247,861)
Business-type activities						
Sewer	31,211	37,774	-	-0-	6,563	6,563
Water	26,123	40,189	-	-0-	14,066	14,066
Total business-type activities	57,334	77,963	-0-	-0-	20,629	20,629
Total	\$ 422,800	\$ 145,036	\$ 50,532	(247,861)	20,629	(227,232)
General revenues						
Property taxes				122,785	-	122,785
State shared revenue				67,156	-	67,156
Investment earnings				3,916	5,039	8,955
Miscellaneous				18,486	-	18,486
Internal charges				36,176	(36,176)	-0-
Total general revenues and internal charges				248,519	(31,137)	217,382
Change in net assets				658	(10,508)	(9,850)
Net assets, beginning of the year				904,272	802,981	1,707,253
Net assets, end of the year				\$ 904,930	\$ 792,473	\$ 1,697,403

See accompanying notes to financial statements.

Village of Maple Rapids

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2006

	General	Fire
ASSETS		
Cash	\$ 152,658	\$ 80,296
Accounts receivable	12,511	87
Due from other governmental units	11,991	-
Due from other funds	6,621	10,923
Advance to other funds	16,397	-
TOTAL ASSETS	\$ 200,178	\$ 91,306
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 4,960	\$ 174
Accrued wages	2,443	-
Other accrued liabilities	2,155	-
Due to other funds	10,203	-
Advance from other funds	-	16,397
Deferred revenue	-	-
TOTAL LIABILITIES	19,761	16,571
FUND BALANCES		
Reserved for		
Advance to other funds	16,397	-
Unreserved		
Undesignated, reported in		
General fund	164,020	-
Special revenue funds	-	74,735
TOTAL FUND BALANCES	180,417	74,735
TOTAL LIABILITIES AND FUND BALANCES	\$ 200,178	\$ 91,306

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 82,953	\$ 315,907
-	12,598
7,244	19,235
-	17,544
-	16,397
<u>\$ 90,197</u>	<u>\$ 381,681</u>

\$ 813	\$ 5,947
-	2,443
-	2,155
3,345	13,548
-	16,397
<u>3,000</u>	<u>3,000</u>
7,158	43,490
-	16,397
-	164,020
<u>83,039</u>	<u>157,774</u>
<u>83,039</u>	<u>338,191</u>
<u>\$ 90,197</u>	<u>\$ 381,681</u>

Village of Maple Rapids

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

December 31, 2006

Total fund balance - governmental funds \$ 338,191

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 1,040,366
Accumulated depreciation is	<u>(473,627)</u>

Capital assets, net	<u>566,739</u>
---------------------	----------------

Net assets of governmental activities	<u><u>\$ 904,930</u></u>
--	--------------------------

See accompanying notes to financial statements.

Village of Maple Rapids

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

Year Ended December 31, 2006

	General	Fire
REVENUES		
Taxes	\$ 122,785	\$ -
Intergovernmental	67,767	-
Charges for services	49,937	32,500
Interest and rents	45,402	199
Other	12,797	87
	<hr/>	<hr/>
TOTAL REVENUES	298,688	32,786
EXPENDITURES		
Current		
General government	27,608	-
Public safety	20,764	16,205
Public works	143,370	-
Health and welfare	1,608	-
Recreation and cultural	11,366	-
Other	60,349	-
Debt service	5,385	-
Capital outlay	-	-
	<hr/>	<hr/>
TOTAL EXPENDITURES	270,450	16,205
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	28,238	16,581
OTHER FINANCING SOURCES (USES)		
Transfers in	-	7,000
Transfers out	(7,000)	-
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(7,000)	7,000
NET CHANGE IN FUND BALANCES	21,238	23,581
Fund balances, beginning of year	159,179	51,154
	<hr/>	<hr/>
Fund balances, end of year	\$ 180,417	\$ 74,735
	<hr/>	<hr/>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 122,785
50,531	118,298
6,025	88,462
2,011	47,612
5,627	18,511
64,194	395,668
-	27,608
-	36,969
39,094	182,464
-	1,608
12,607	23,973
-	60,349
-	5,385
15,240	15,240
66,941	353,596
(2,747)	42,072
1,691	8,691
(1,691)	(8,691)
-0-	-0-
(2,747)	42,072
85,786	296,119
\$ 83,039	\$ 338,191

Village of Maple Rapids

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

Net change in fund balances - total governmental funds \$ 42,072

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 15,240
Depreciation expense	<u>(61,889)</u>

Excess of depreciation expense over capital outlay	(46,649)
--	----------

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Capital lease principal retirement	<u>5,235</u>
------------------------------------	--------------

Change in net assets of governmental activities	<u><u>\$ 658</u></u>
--	----------------------

See accompanying notes to financial statements.

Village of Maple Rapids

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

December 31, 2006

	Business-type Activities		
	Sewer System	Water System	Total
ASSETS			
Current assets			
Cash	\$ 50,368	\$ 84,640	\$ 135,008
Cash - restricted	385,405	-	385,405
Utilities receivable	8,505	7,921	16,426
Total current assets	444,278	92,561	536,839
Noncurrent assets			
Capital assets not being depreciated	47,140	-	47,140
Capital assets being depreciated, net	259,675	339,547	599,222
Total noncurrent assets	306,815	339,547	646,362
TOTAL ASSETS	751,093	432,108	1,183,201
LIABILITIES			
Current liabilities			
Accounts payable	1,001	731	1,732
Due to other funds	2,412	1,584	3,996
Current portion of long-term debt	10,000	-	10,000
Total current liabilities	13,413	2,315	15,728
Noncurrent liabilities			
Noncurrent portion of long-term debt	375,000	-	375,000
TOTAL LIABILITIES	388,413	2,315	390,728
NET ASSETS			
Invested in capital assets, net of related debt	259,675	339,547	599,222
Unrestricted	103,005	90,246	193,251
TOTAL NET ASSETS	\$ 362,680	\$ 429,793	\$ 792,473

See accompanying notes to financial statements.

Village of Maple Rapids

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS

Year Ended December 31, 2006

	Business-type Activities		
	Sewer System	Water System	Total
OPERATING REVENUES			
Charges for services	\$ 37,774	\$ 40,189	\$ 77,963
OPERATING EXPENSES			
Labor charges	7,405	9,092	16,497
Contractual services	2,454	850	3,304
Utilities	2,904	5,211	8,115
Repairs and maintenance	530	1,052	1,582
Equipment rental charges	11,882	7,797	19,679
Water/Sewer sample testing	2,265	1,110	3,375
Other	7,294	3,783	11,077
Depreciation	15,764	14,117	29,881
TOTAL OPERATING EXPENSES	50,498	43,012	93,510
OPERATING (LOSS)	(12,724)	(2,823)	(15,547)
NONOPERATING REVENUES			
Interest revenue	3,059	1,980	5,039
CHANGE IN NET ASSETS	(9,665)	(843)	(10,508)
Net assets, beginning of year	372,345	430,636	802,981
Net assets, end of year	\$ 362,680	\$ 429,793	\$ 792,473

See accompanying notes to financial statements.

Village of Maple Rapids

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended December 31, 2006

	Business-type Activities		
	Sewer System	Water System	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 37,234	\$ 40,602	\$ 77,836
Cash paid for labor charges	(7,405)	(9,092)	(16,497)
Cash paid to suppliers	(25,163)	(21,997)	(47,160)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,666	9,513	14,179
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital purchases	(47,140)	-	(47,140)
Long-term debt proceeds	385,000	-	385,000
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	337,860	-0-	337,860
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	3,059	1,980	5,039
NET INCREASE IN CASH	345,585	11,493	357,078
Cash, beginning of year	90,188	73,147	163,335
Cash, end of year	<u>\$ 435,773</u>	<u>\$ 84,640</u>	<u>\$ 520,413</u>
Reconciliation of operating (loss) to net cash provided by operating activities			
Operating (loss)	\$ (12,724)	\$ (2,823)	\$ (15,547)
Adjustments to reconcile operating (loss) to net cash provided by operating activities			
Depreciation	15,764	14,117	29,881
(Increase) decrease in utilities receivable	(540)	413	(127)
Increase (decrease) in accounts payable	810	(1,350)	(540)
Increase (decrease) in due to other funds	1,356	(844)	512
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,666</u>	<u>\$ 9,513</u>	<u>\$ 14,179</u>

See accompanying notes to financial statements.

Village of Maple Rapids

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Maple Rapids is located in Clinton County, Michigan and has a population of approximately 700. The Village of Maple Rapids operates with a Village President/Council form of government and provides services to its residents in many areas including general government, law enforcement, highways and streets, human services, and utilities services.

The Village Council is made up of the Village President, Clerk, Treasurer, and six (6) trustees who are selected at large for overlapping four-year terms.

The financial statements of the Village have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to Village governments. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Village's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*; these financial statements present all financial activities of the Village of Maple Rapids (primary government).

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

As of April 2000, the activities of the Village of Maple Rapids Community Center were under the control of the Village. The operations of the Village of Maple Rapids Community Center are reported in a Special Revenue Fund identified as the Community Center Fund.

As of May 2004, the activities of the Village of Maple Rapids Riverfest Committee were under the control of the Village. The operations of the Village of Maple Rapids Riverfest Committee are reported in a Special Revenue Fund identified as the Riverfest Fund.

Based upon the application of these criteria, the financial statements of the Village of Maple Rapids contain all of the funds controlled by the Village Council.

2. Related Organization

Maple Rapids Public Library - The Maple Rapids Public Library was incorporated in 1928 under Public Act 84 of 1921. The Maple Rapids Public Library board is elected. The Village collects and distributes property taxes that are levied by the Library. The Village has no financial responsibility to the Library.

3. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the government as a whole. For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Presentation - continued

GOVERNMENT-WIDE FINANCIAL STATEMENTS - CONTINUED

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Village's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The major funds of the Village are:

- a. The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Fire Fund is used to account for funds of the Village Fire Department.
- c. The Sewer System Fund is used to account for the operations required to provide sewer services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.
- d. The Water System Fund is used to account for the operations required to provide water services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

4. Measurement Focus

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

5. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Basis of Accounting - continued

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

6. Budgets and Budgetary Accounting

The General and major Special Revenue Funds' budgets shown as required supplementary information to the financial statements were prepared on a basis consistent with the modified accrual basis used to reflect actual results. The Village employs the following procedures in establishing the budgetary data reflected in the required supplementary information.

- a. The Treasurer submits to the Village Council the proposed operating budgets for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and resources to finance them.
- b. A Public Hearing is conducted to obtain taxpayers' comments.
- c. Prior to the beginning of the fiscal year, the budgets are legally adopted with passage by Council vote.
- d. The budgets are legally adopted at the activity level; however, they are maintained at the account level for control purposes.
- e. After the budgets are adopted, all transfers of budgeted amounts between accounts within a fund or activity or any revisions that alter the total expenditures of a fund or activity must be approved by the Village Council.

Village of Maple Rapids
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Budgets and Budgetary Accounting - continued

- f. The Village does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31, 2005 are not carried forward to the following fiscal year.
- g. Budgeted amounts are reported as originally adopted or as amended by the Village Council. Budget amendments are made every quarter. The individual amendments were appropriately approved by the Village Council in accordance with required procedures.

7. Cash

The Village pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing savings accounts. Restricted cash in the Sewer Fund relates to debt proceeds unspent as of December 31, 2006 and restricted for use in the ongoing sewer project.

8. Property Tax

The Village of Maple Rapids bills and collects its own property taxes. The Village's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph.

Property taxes are levied by the Village of Maple Rapids on July 1 and are payable without penalty through September 14. All real property taxes not paid to the Village by September 14 are turned over to the Clinton County Treasurer for collection. The Clinton County Treasurer remits payments to the Village on any delinquent real property taxes. Delinquent personal property taxes are retained by the Village for subsequent collection. Collections and remittances of all taxes are accounted for in the General Fund. Village property tax revenues are recognized as revenues in the fiscal year levied.

The Village is permitted to levy taxes up to 15 mills (\$15 per \$1,000 of assessed valuation) for general governmental services. For the year ended December 31, 2006, the Village levied 12.2612 mills for general governmental services. The total taxable value for the 2006 levy for property within the Village was \$9,341,057.

9. Interfund Transactions

During the course of normal operations, the Village has numerous transactions between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as operating transfers.

The General Fund records charges for administrative and labor services and equipment rental to various Village departments and funds as revenue. All Village funds record these payments as operating expenditures/expenses.

10. Capital Assets

Capital assets include land, buildings, equipment, and vehicles and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements. Capital assets are those with an initial individual cost of \$5,000 or more, with estimated useful lives of one year or greater. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Capital Assets - continued

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Structures and improvements	20 - 75 years
Machinery, furniture, and equipment	5 - 50 years
Vehicles	5 years
Infrastructure	20 years

11. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

12. Comparative Data

Comparative data has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE B: CASH

In accordance with Michigan Compiled Laws, the Village is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Village of Maple Rapids

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE B: CASH - CONTINUED

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA105, MCL 21.143, to secure deposits of State surplus funds, securities, issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

As of December 31, 2006, the carrying amounts and bank balances for each type of bank account are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking	\$ 549,526	\$ 552,333
Savings	<u>286,631</u>	<u>286,969</u>
	<u>\$ 836,157</u>	<u>\$ 839,302</u>

The cash captions in the basic financial statements include \$163 in petty cash. Deposits of the Village are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Village. As of December 31, 2006, the Village accounts were insured by the FDIC for \$267,257 and the amount of \$572,045 was uninsured and uncollateralized.

Due to the new Sewage Disposal System Improvement Revenue Bond, the amount the Village held as cash increased significantly. As a result, the amount of uninsured and uncollateralized cash was substantially higher at year-end.

Due to significantly higher cash flow at certain periods during the year, the amount the Village held as cash increased significantly. As a result, the amount of uninsured and uncollateralized cash was substantially higher at these peak periods than at year-end.

Interest rate risk

The Village has adopted a policy that indicates how the Village will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The village will minimize interest rate risk by designing a portfolio with the objective of obtaining a rate of return throughout the budgetary and economic cycles taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Concentration of credit risk

The Village has adopted a policy that indicates how the Village will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The village will minimize concentration of credit risk by diversifying investments by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Village of Maple Rapids

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE C: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables at December 31, 2006:

Due to General Fund from:	
Nonmajor governmental funds	\$ 2,625
Water System Fund	1,584
Sewer System Fund	<u>2,412</u>
	6,621
Due to Fire Fund from:	
General Fund	10,203
Nonmajor governmental funds	<u>720</u>
	<u>10,923</u>
Total interfund receivable and payables	<u>\$ 17,544</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE D: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfers to nonmajor governmental funds from:	
Nonmajor governmental funds	<u>\$ 1,691</u>
Transfers to Fire Fund from:	
General Fund	<u>\$ 7,000</u>

NOTE E: ADVANCES RECEIVABLE AND PAYABLE

The following schedule details advances receivable and payable between the funds at December 31, 2006:

Advance to Fire Fund from:	
General Fund	<u>\$ 16,397</u>

The balance of \$16,397 advanced to the Fire Fund from the General Fund resulted from loans made for new equipment.

Village of Maple Rapids

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE F: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006
Governmental Activities				
Infrastructure - streets	\$ 45,217	\$ 15,240	\$ -	\$ 60,457
Buildings	265,996	-	-	265,996
Vehicles	448,250	-	-	448,250
Furniture and equipment	<u>265,663</u>	<u>-</u>	<u>-</u>	<u>265,663</u>
Capital assets being depreciated	1,025,126	15,240	-0-	1,040,366
Less accumulated depreciation				
Infrastructure - streets	(1,970)	(2,641)	-	(4,611)
Buildings	(109,237)	(5,559)	-	(114,796)
Vehicles	(198,695)	(33,292)	-	(231,987)
Furniture and equipment	<u>(101,836)</u>	<u>(20,397)</u>	<u>-</u>	<u>(122,233)</u>
Subtotal	<u>(411,738)</u>	<u>(61,889)</u>	<u>-0-</u>	<u>(473,627)</u>
Capital assets, net	<u>\$ 613,388</u>	<u>\$(46,649)</u>	<u>\$ -0-</u>	<u>\$ 566,739</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 9,400
Public safety	7,617
Public works	41,270
Recreation and cultural	<u>3,602</u>
Total	<u>\$ 61,889</u>

	Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006
Business-type activities				
Capital assets not being depreciated				
Construction in Progress	\$ -	\$ 47,140	\$ -	\$ 47,140
Capital assets being depreciated				
Utility plant, wells, and mains	652,219	-	-	652,219
Sewer system	735,563	-	-	735,563
Equipment	<u>31,574</u>	<u>-</u>	<u>-</u>	<u>31,574</u>
Total capital assets being depreciated	1,419,356	-0-	-0-	1,419,356
Less accumulated depreciation				
Utility plant, wells, and mains	(300,643)	(13,521)	-	(314,164)
Sewer system	(465,197)	(14,624)	-	(479,821)
Equipment	<u>(24,413)</u>	<u>(1,736)</u>	<u>-</u>	<u>(26,149)</u>
Total accumulated depreciation	<u>(790,253)</u>	<u>(29,881)</u>	<u>-0-</u>	<u>(820,134)</u>
Net capital assets being depreciated	<u>629,103</u>	<u>(29,881)</u>	<u>-0-</u>	<u>599,222</u>
Capital assets, net	<u>\$ 629,103</u>	<u>\$ 17,259</u>	<u>\$ -0-</u>	<u>\$ 646,362</u>

Village of Maple Rapids

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE G: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the Village for the year ended December 31, 2006.

	Balance Jan. 1, 2006	Additions	Reductions	Balance Dec. 31, 2006	Amounts Due Within One Year
Governmental Activities					
Capital Lease - Police Car	\$ 5,235	\$ -	\$ 5,235	\$ -0-	\$ -
Business-type Activities					
2006 Sewage Disposal Bond	\$ -	\$ 385,000	\$ -	\$ 385,000	\$ 10,000

In 2006 the Village issued \$385,000 in Revenue Bonds for the purpose of financing improvements to the Sewage Disposal System. Significant details regarding outstanding long-term debt (including current portion) are presented below:

Sanitary Sewer System Refunding Bonds

\$385,000 Sewage Disposal System Improvement Revenue Bonds dated October 30, 2006, due in annual installments ranging from \$10,000 to \$30,000 through May 1, 2026, with interest of 5.0 percent, payable semi-annually.

\$ 385,000

The annual requirements to pay the debt principal and interest outstanding for the bonds are as follows:

Year Ending December 31,	Principal	Interest
2007	\$ 10,000	\$ 19,588
2008	10,000	18,500
2009	15,000	17,875
2010	15,000	17,125
2011	15,000	16,375
2012-2016	80,000	70,500
2017-2021	105,000	47,375
2022-2026	<u>135,000</u>	<u>17,625</u>
	<u>\$ 385,000</u>	<u>\$ 224,963</u>

NOTE H: FUND BALANCE RESERVES

Reserved fund balance is used to earmark a portion of fund balance to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use.

The following are the fund balance reserves as of December 31, 2006:

Fund Balance

PRIMARY GOVERNMENT

General Fund

Reserved for advance to other funds

\$ 16,397

Village of Maple Rapids

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE I: RESTRICTED NET ASSETS

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2006:

PRIMARY GOVERNMENT

Governmental activities

Restricted for

Streets and highways

Major streets

\$ 25,183

Local streets

53,371

\$ 78,554

NOTE J: RISK MANAGEMENT

The Village participates in a pool, the Michigan Township Participating Plan with other municipalities for various risks of loss including employer's liability, errors and omissions, and property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Village has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

The Village also participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Village has not been informed of any special assessments being required.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Maple Rapids

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Current property taxes	\$ 115,000	\$ 115,000	\$ 122,785	\$ 7,785
Intergovernmental				
State shared revenue	67,000	67,000	67,156	156
Liquor license fees	500	500	611	111
Total intergovernmental	67,500	67,500	67,767	267
Charges for services				
Administrative and labor charges	20,000	20,000	22,625	2,625
Trash collection	24,000	24,000	27,312	3,312
Total charges for services	44,000	44,000	49,937	5,937
Interest and rents				
Interest	500	500	1,707	1,207
Rent	600	600	600	-0-
Rent - equipment	35,000	35,000	43,095	8,095
Total interest and rents	36,100	36,100	45,402	9,302
Other revenue				
Reimbursements	5,000	5,000	11,785	6,785
Miscellaneous	2,000	900	1,012	112
Total other revenue	7,000	5,900	12,797	6,897
TOTAL REVENUES	269,600	268,500	298,688	30,188
EXPENDITURES				
General government				
Legislative	4,100	4,100	3,500	600
Executive	3,370	3,370	3,370	-0-
Financial administration	23,309	28,234	20,738	7,496
Total general government	30,779	35,704	27,608	8,096
Public safety				
Police	32,700	33,200	20,764	12,436
Public works				
Department of Public Works	121,750	125,450	106,660	18,790
Trash collection	26,500	26,500	26,072	428
Street lighting	11,000	11,000	10,638	362
Total public works	159,250	162,950	143,370	19,580

Village of Maple Rapids

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES - CONTINUED				
Health and welfare				
Ambulance contracted services	\$ 1,700	\$ 1,700	\$ 1,608	\$ 92
Recreation and cultural				
Community center	4,950	4,950	4,035	915
Parks and recreation	10,000	10,000	492	9,508
Library	7,500	7,500	6,839	661
Total recreation and cultural	22,450	22,450	11,366	11,084
Other				
Fringe benefits	28,800	31,100	27,361	3,739
Insurance	43,000	43,000	32,988	10,012
Sidewalks	15,000	15,000	-	15,000
Total other	86,800	89,100	60,349	28,751
Debt service				
Principal	5,650	5,235	5,235	-0-
Interest	150	165	150	15
Total debt service	5,800	5,400	5,385	15
TOTAL EXPENDITURES	339,479	350,504	270,450	80,054
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(69,879)	(82,004)	28,238	110,242
OTHER FINANCING USES				
Transfers out	(7,000)	(7,000)	(7,000)	-0-
NET CHANGE IN FUND BALANCE	(76,879)	(89,004)	21,238	110,242
Fund balance, beginning of year	159,179	159,179	159,179	-0-
Fund balance, end of year	<u>\$ 82,300</u>	<u>\$ 70,175</u>	<u>\$ 180,417</u>	<u>\$ 110,242</u>

Village of Maple Rapids

Fire Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 171,000	\$ 171,000	\$ -	\$ (171,000)
Charges for services	30,000	30,000	32,500	2,500
Interest	175	175	199	24
Other	-	-	87	87
TOTAL REVENUES	201,175	201,175	32,786	(168,389)
EXPENDITURES				
Public safety				
Fire protection	30,100	32,000	16,205	15,795
Capital outlay	195,010	195,010	-	195,010
TOTAL EXPENDITURES	225,110	227,010	16,205	210,805
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(23,935)	(25,835)	16,581	42,416
OTHER FINANCING SOURCES				
Transfers in	7,000	7,000	7,000	-0-
NET CHANGE IN FUND BALANCE	(16,935)	(18,835)	23,581	42,416
Fund balance, beginning of year	51,154	51,154	51,154	-0-
Fund balance, end of year	<u>\$ 34,219</u>	<u>\$ 32,319</u>	<u>\$ 74,735</u>	<u>\$ 42,416</u>

OTHER SUPPLEMENTARY INFORMATION

Village of Maple Rapids
Nonmajor Governmental Funds
COMBINING BALANCE SHEET
December 31, 2006

	Special	
	Major Street	Local Street
ASSETS		
Cash	\$ 22,488	\$ 55,260
Due from other governmental units	5,121	2,123
TOTAL ASSETS	<u>\$ 27,609</u>	<u>\$ 57,383</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 769	\$ 44
Due to other funds	1,657	968
Deferred revenue	-	3,000
TOTAL LIABILITIES	2,426	4,012
Fund balances		
Unreserved		
Undesignated, reported in		
Special revenue funds	<u>25,183</u>	<u>53,371</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 27,609</u>	<u>\$ 57,383</u>

Revenue		Total Nonmajor Governmental Funds
Community Center	Riverfest	
\$ 2,672	\$ 2,533	\$ 82,953
-	-	7,244
<u>\$ 2,672</u>	<u>\$ 2,533</u>	<u>\$ 90,197</u>
\$ -	\$ -	\$ 813
720	-	3,345
-	-	3,000
720	-0-	7,158
<u>1,952</u>	<u>2,533</u>	<u>83,039</u>
<u>\$ 2,672</u>	<u>\$ 2,533</u>	<u>\$ 90,197</u>

Village of Maple Rapids

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2006

	Special	
	Major Street	Local Street
REVENUES		
Intergovernmental - State	\$ 35,728	\$ 14,803
Charges for services	-	-
Interest	409	1,585
Other	-	1,000
TOTAL REVENUES	36,137	17,388
EXPENDITURES		
Public works		
Administrative	1,489	1,488
Street maintenance	25,191	10,926
Recreation and cultural	-	-
Capital outlay	1,268	13,972
TOTAL EXPENDITURES	27,948	26,386
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,189	(8,998)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	1,691
Transfers out	(1,691)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,691)	1,691
NET CHANGE IN FUND BALANCES	6,498	(7,307)
Fund balances, beginning of year	18,685	60,678
Fund balances, end of year	\$ 25,183	\$ 53,371

Revenue		Total Nonmajor Governmental Funds
Community Center	Riverfest	
\$ -	\$ -	\$ 50,531
5,150	875	6,025
7	10	2,011
98	4,529	5,627
5,255	5,414	64,194
-	-	2,977
-	-	36,117
6,681	5,926	12,607
-	-	15,240
6,681	5,926	66,941
(1,426)	(512)	(2,747)
-	-	1,691
-	-	(1,691)
-0-	-0-	-0-
(1,426)	(512)	(2,747)
3,378	3,045	85,786
\$ 1,952	\$ 2,533	\$ 83,039

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF THE FINANCIAL STATEMENTS**

To the Honorable President and
Members of the Village Council
Village of Maple Rapids
Maple Rapids, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Maple Rapids, Michigan as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated June 4, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Maple Rapids' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting:

BANK RECONCILIATIONS FOR COMMUNITY CENTER ACCOUNTS

Each year the Treasurer of the Community Center submits financial information and reports for the Village's audit. This financial information submitted does not contain bank reconciliations for the Community Center's bank accounts or a year end summarization of activity in that fund. As a result, the auditors typically prepare bank reconciliations and manually pull a year end trial balance based on the information available.

We recommend that the Treasurer of the Community Center prepare bank reconciliations monthly for all bank accounts. Additionally, we recommend that the information submitted for audit each year contain a year end summarization of activity that agrees with the bank reconciliations and which may be used as the trial balance for that fund.

PREPARATION OF FINANCIAL STATEMENTS

Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Responsibility for the financial statements of the Village rests with the Village's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal accounting records), and (2) reporting government-wide and fund financial statements, including the related note disclosures (i.e., external financial reporting).

It has historically been common for many small to medium-sized governments to rely on the independent auditors to assist in the preparation of the government-wide and fund financial statements, as well as the related notes to the financial statements, as part of its external financial reporting process. As a result, a government's ability to prepare financial statements in accordance with GAAP has typically been based, in part, on its reliance on the independent auditors. By definition, independent auditors cannot be part of the government's internal controls.

The condition noted in the preceding paragraph exists at the Village of Maple Rapids. The cause for this condition is simply because it is more cost effective to outsource the preparation of its annual financial statements to the independent auditors than to incur the time and expense of having the employees and/or management obtain the necessary training and expertise required to perform this task internally.

As a result of this condition, the employees and/or management do not possess the qualifications necessary to prepare the Village's annual financial statements and notes to the financial statements in accordance with GAAP. The Village relies, in part, on the independent auditors for assistance with the preparation of annual financial statements and related notes to the financial statements in accordance with GAAP.

We recommend the Village consider obtaining the proper training for the appropriate staff members to assure that they are able to fully understand what goes into the preparation of the annual audited financial statements and so that they can take responsibility for the preparation of the annual audited financial statements, assure there are no material misstatements, and assure there are appropriate disclosures in accordance with accounting principles generally accepted in the United States of America.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are not material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under auditing standards generally accepted in the United States of America.

This report is intended solely for the information and use of management and Members of the Village Council of the Village of Maple Rapids, others within the organization, and applicable departments of the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 4, 2007